



Have Kids? Here's How to Give Them \$8.7 Million

Description

Everyone is focused on becoming a millionaire, but making your kid a millionaire is actually *much* easier. That's because you can take advantage of what Albert Einstein called the most powerful force in the universe: compound interest.

You're likely familiar with the term *compound interest*, but have you ever run the math to see just how powerful it can be for *you*? Running the math for you kids is even more exciting. In an instant, \$20 a week can become [millions](#).

If you want your children to be millionaires, here's the playbook.

Capture the power

Are you able to save \$20 every week? This is a sum nearly every saver can manage. Unfortunately, this level of investing will never make you a millionaire, but it could actually be enough for your children. Here's how.

The average annual return for the stock market over the long term has been roughly 10%. If we assume your portfolio will grow at that average rate, saving \$20 a week for 10 years will create a nest egg of around \$18,000. While that's not a ton of money, it's fairly impressive for such a small weekly habit.

Here's where the math gets interesting. If you save \$20 every week for 30 years, your nest egg will balloon to \$180,000. A couple of extra decades can really start to harness the power of compound interest.

But let's not stop there. What if you saved for 50 years? You'd have a cool \$1.3 million. Becoming a millionaire on \$20 is pretty easy.

All you need to do is earn what the stock market has averaged over the last several decades. There's no magic necessary — other than the magic of compound interest.

Go even bigger

A 50-year savings habit could actually be your retirement plan, if you're aged 20 years or less. But if you're older, you can make it the retirement plan for your kids.

Let's say you're 35 years old. Saving for 50 years would have you end up at age 85. That's likely too late for you to take advantage of it. Giving it to your kids, however, would be very generous.

Want to give them even more than \$1.3 million? What if you stopped contributing new capital, but kept the existing money in a trust for another 20 years? It would make a perfect retirement present.

With an additional 20 years of compounding, that \$1.3 million would turn into \$8.7 million!

And there you have it. On just \$20 a week, you can bequeath your children a retirement check worth \$8.7 million. Imagine their eventual surprise. The power of compound interest is truly mesmerizing, but only if you give it time to build.

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